



## INSURANCE FRAUD INVESTIGATION DIVISION

### Kentucky Department of Insurance

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### *Fraud Statistics/Charges and Convictions Activity June 2008*

#### Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	80	487
Open Cases (Investigations-includes prior years)		288
Assigned Cases (Investigations).....	19	175
Closed Cases (Investigations).....	41	94
Closed Cases (Investigations) Exceptionally Cleared-Declined by Prosecutor.....	2	9
Charges (8 felonies).....	8	143
Convictions (11 felonies, 1 misdemeanor).....	12	49
Restitution Ordered.....	\$ 154,641.49	\$ 1,269,651.10

### *Charges and Convictions Activity*

**Shana Barnes** – Between 9/2/02 and 11/4/02, Barnes submitted false or altered documents to State Farm Insurance (State Farm) in support of a PIP claim in the name of her sister, a juvenile, and falsely claimed to be her sister's guardian. On 7/12/07, Barnes was charged with one felony count of fraudulent insurance acts in Jefferson Circuit Court. On 3/18/08, she pled guilty to the felony count of fraudulent insurance acts and received two years probated for five years. She was ordered to pay restitution in the amount of \$3,400.00 to State Farm.

**R. J. Bicknell** - On or between 9/3/03 and 9/9/03, Bicknell filed a claim with Kentucky Farm Bureau (KFB) for the theft of his 2000 Toyota Tundra pickup, when in fact he arranged for someone to take the truck and store it. On 5/2/07, Bicknell was charged with one felony count of fraudulent insurance acts in Woodford Circuit Court. He was subsequently charged with Persistent Felony Offender II (PFO) due to a previous felony conviction. On 2/6/08, Bicknell pled guilty to the felony count of fraudulent insurance acts and received three years probated for five years. He must serve 60 days in jail as a condition of probation and was ordered to pay restitution in the amount of \$4,830.00 to KFB. The PFO charge was dismissed.

**Treva Caton** – Caton had been injured during the course of her employment, and began receiving Long Term Disability (LTD) benefits on 6/18/84. John Hancock Insurance required that she provide periodic updates on her condition and disclose if she was receiving other disability payments. On 1/15/97, Caton was awarded Social Security Disability Income (SSDI) benefits, which were retroactive to 1/1996. Her LTD benefits should have been offset by the amount of the SSDI benefits. Between 12/16/97 and 1/18/07, she made six false statements to John Hancock in order to continue to receive benefit payments. As a result of her false statements, Caton was overpaid \$93,160 by John Hancock, who is withholding the remaining amount from her future payments, and will continue to do so until 3/31/12, when her LTD benefit ends. At the current rate of withholding, she will still owe John Hancock \$60,504.84 on 3/31/12. On 1/4/08, Caton was charged with six felony counts of fraudulent insurance acts in Estill Circuit Court. On 4/11/08, she entered an Alford Plea and pled guilty to the six felony counts of fraudulent insurance acts, and received five years on each count to run concurrently. She was placed on pre-trial diversion for five years, and was ordered to pay restitution in the amount of \$60,504.84 to John Hancock, which has been paid.

**Robin Francisco** – On 11/29/04 and 1/13/05, Francisco submitted a claim form to Monumental Insurance for the death benefits of Jack Jeff Francisco, knowing that she had no legal right to those benefits. The lawful beneficiary was her niece, who was a minor. Francisco submitted a document containing the forged signature of her niece, identifying herself as her niece's legal guardian. On 6/11/07, Francisco was charged with one felony count of fraudulent insurance acts in Bell District Court. On 5/5/08, she pled guilty to the felony count of fraudulent insurance acts, and received five years probated for five years, and was ordered to pay restitution in the amount of \$10,000 to Monumental, as Monumental had subsequently paid the benefit to her niece, the lawful beneficiary.

**Loren Huddleston** – Huddleston made material misrepresentations on his application for auto insurance by stating that he had no driver's license and his license had not been revoked or suspended, although he did have a driver's license which was suspended. On 7/16/07, Huddleston was charged with one felony count of fraudulent insurance acts and one felony count of Persistent Felony Offender (PFO) II in Barren Circuit Court. On 5/19/08, he pled guilty to the felony count of fraudulent insurance acts and received a three year sentence. He was ordered to pay restitution in the amount of \$3,700.63 to Safeco Insurance and investigative expenses in the amount of \$346.50 to the Fraud Division. The PFO count was dismissed.

**Priscilla Kennedy** – Kennedy presented an insurance claim to State Farm for theft of her Pontiac Grand Am and denied any damage to the vehicle at the time of the theft. The vehicle had actually been involved in a motor vehicle accident shortly before the theft which resulted in damage to the right front of the vehicle. On 5/5/08, Kennedy was charged with one felony count of fraudulent insurance acts in Lincoln District Court.

**Tanya Moodie** – Moodie was named attorney-in-fact for Clara Ingram, who received permanent partial disability payments due to a workers' compensation injury. After Ingram's death on 11/28/00, Moodie continued to receive the checks, endorsing the checks with her name and Ingram's name, and received over \$69,000 for which she was not entitled. On 8/8/07, Moodie was indicted by the Lyon County Grand Jury on the felony fraudulent insurance acts charge. On 2/4/08, she entered a guilty plea to the felony count. On 3/3/08, she was sentenced to imprisonment for two years suspended, and placed on probation. She is to remain on probation until restitution in the amount of \$69,414.00 is paid in full to the Commonwealth of Kentucky. Ms. Moodie served 28 days in jail.

**Paul S. Stratman** – On or about 3/31/06, Stratman struck an LG&E light pole as part of a motor vehicle accident. He received a bill from LG&E which he presented to his insurance agent. The agent gave Stratman a check made payable to him in the amount of \$2,792.02. Although Stratman knew the check was for LG&E, he used the money as if it was his own. On 4/10/08, he was charged with one felony count of theft by failure to make required disposition of property in Jefferson District Court. On 5/21/08, Stratman pled guilty to the amended misdemeanor charge of Theft by Unlawful Taking, and received 365 days conditionally discharged for two years. He was ordered to pay restitution in the amount of \$2,792.02 to Louisville Gas & Electric.

**Christine Young** - On or about 8/13/04, Young committed the offense of Fraudulent Insurance Acts over \$300, when she knowingly and with intent to defraud or deceive, presented or caused to be presented to State Farm Insurance (State Farm), oral or written statements as part of, or in support of, an application for an insurance policy, knowing that it contained false, incomplete, or misleading information. Specifically, in her original application, Young represented that she had not had any losses during the previous three years, and also represented that no insurer had refused to issue or renew insurance to her or any household member during the previous three years. In fact, Safeco Insurance Company cancelled a homeowner policy issued to Young for misrepresenting facts on her application. Additionally, investigation revealed at least four prior fire losses and one major theft loss in which Young was either directly or indirectly associated. On 5/23/08, Young was indicted by the Knox County Grand Jury for one felony count of fraudulent insurance acts.